

Message Text

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TOECO 64

FOLLOWING SAN JOSE 3426 SENT ACTION STATE INFO BRASILIA
BOGOTA GUATEMALA LONDON MEXICO SAN SALVADOR SAO PAULO 26 SEP RPT
TO YOU QUOTE

LIMITED OFFICIAL USE SAN JOSE 3426

E.O. 11652: N/A

TAGS: EAGR, BR, CS, ES, GT, MX, UK

SUBJECT: COFFEE: LATIN BLOC SUSPENDS SALES TO US

1. LOCAL PRESS REPORTS COSTA RICA JOINED WITH
MEXICO, EL SALVADOR, BRAZIL AND COLOMBIA IN SUSPENDING
SALES COFFEE TO U.S. SUSPENSION EFFECTIVE SEPTEMBER 21.
PRESS REPORTS INDICATE JOINT ACTION CAME AT INITIATIVE OF
MEXICO AND AIMED AT DEFENSE OF PRICES OF QUOTE OTHER
MILDS END QUOTE. REPORTS INDICATE MEXICO SUSPENDED
SALES ON SEPTEMBER 18 AND ELSALVADOR ON SEPTEMBER 21.
JOINT AGREEMENT STILL PERMITS COFFEE SALES BY LATIN BLOC
TO EUROPE WHERE PRICES ARE REPORTEDLY STRONGER.

2. DISCUSSIONS WITH EXECUTIVE DIRECTOR COFFEE OFFICE
INDICATE THAT JOINT ACTION TAKEN DUE TO SHARP RISE IN
STOCKS IN U.S. AND JAPAN AND WEAKENING OF PRICES.
HE INDICATED THAT SUSPENSION LIKELY ONLY TO RUN
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UNTIL MID-OCTOBER. OTHER OFFICIALS MENTIONED

TARGET PRICE IN RANGE OF \$60 TO \$70 PER BAG, BUT
FAVORING HIGH SIDE OF RANGE.

3. EXECUTIVE DIRECTOR ALSO MENTIONED THAT
EXPORTERS GROUP HAD AGREED TO WITHHOLD 5 MILLION
BAGS DURING 1973⁷⁴ AND SHARE FOR COSTA RICA WAS
115,400 BAGS OR 150,521 QUINTALES (OF 100 LBS.).
HOWEVER, THIS RETENTION REALLY ONLY 110,521 QUINTALES
AS DOMESTIC CONSUMPTION ASSUMED TO INCREASE 40,000
QUINTALES DUE TO RECHANNELING OF MARKETINGS THROUGH
LOCAL MARKET AND RECOGNITION IN PRODUCTION STATISTICS.
PREVIOUSLY THERE WERE UNREGISTERED MOVEMENTS
DIRECTLY FROM FARMS TO CONSUMERS.

4. LOCAL TRADE REPORTS THAT IN RECENT WEEKS, 30,000
BAGS SOLD TO USSR, 15,000 BAGS TO ROMANIA AND 15,000
BAGS TO CZECHOSLVAKIA.
VAKY UNQUOTE KISSINGER

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